Doretti Resources Sdn Bhd v Fitters Marketing Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) — INTELLECTUAL PROPERTY SUIT NO 22IP-31–06 OF 2015
WONG KIAN KHEONG JC
4 JULY 2016

Civil Procedure — Striking out — Application for — Plaintiff brought action against defendants for infringement of trademark pursuant to s 38 of the Trade Marks Act 1976 — High Court struck out action against fourth and fifth defendants — Third defendant applied to strike out action pursuant to O 18 r 19(1)(a), (b) and (d) of the Rules of Court 2012 and inherent jurisdiction — Whether doctrine of issue estoppel applicable — Whether court bound by previous decision against fourth and fifth defendants — Whether statement of claim disclose cause of action against third defendant

Trade Marks — Registered trademark — Action for infringement — Plaintiff brought action against defendants for infringement of trademark pursuant to s 38 of the Trade Marks Act 1976 — Whether third defendant infringed plaintiff's trademark by producing and selling products of first and second defendants — Whether plaintiff's pleaded case fell within s 38 of the Act — Rules of Court 2012 O 18 r 19 — Trade Marks Act 1976 s 38

The plaintiff had commenced an action against the defendants for infringement of trademark pursuant to s 38 of the Trade Marks Act 1976 ('the Act'). In an earlier decision, the High Court had struck out the case against the fourth and fifth defendants ('the striking out decision'). In the present case, the third defendant applied via encl 73 for the court to strike out the present action against them pursuant to O 18 r 19(1)(a), (b) and (d) of the Rules of Court 2012 ('the ROC') and inherent jurisdiction of the court. It must be noted that the court had granted an Anton Piller order to the plaintiff against the third defendant nevertheless the execution of the same did not disclose any goods bearing the plaintiff's trademark in the third defendant's office and warehouse. In support of its application for encl 73, the third defendant contended that according to the res judicata doctrine (issue estoppel), the court was bound by the striking out decision. Further, the statement of claim ('SOC') disclosed no reasonable cause of action against the third defendant. In opposing encl 73, the plaintiff submitted that the third defendant had infringed the plaintiff's trademark by producing and selling, among others, the products of the first and second defendants. It was also submitted that the plaintiff's pleaded case was within s 38 of the Act because the third defendant had used the plaintiff's trademark 'PYRO' as a trademark in the course of the third defendant's trade

by supplying the infringing goods to the first and second defendants. Further, it was submitted that the res judicata doctrine was not applicable to encl 73 as the plaintiff's appeal against the striking out decision was still pending in the Court of Appeal.

Held, striking out the action against the third defendant with costs:

(1) The 'issue estoppel' principle was not applicable against the plaintiff in respect of encl 73 as there was no evidence that the third defendant was a 'privy' of the fourth and fifth defendant. Further, res judicata doctrine is based on case law and should not be applied indiscriminately so as to cause injustice. In the circumstances, it was unjust to apply the issue estoppel principle to bar the plaintiff from opposing encl 73 for the reasons that: (a) every litigant has a constitutional right to access to justice under art 5(1) of the Federal Constitution; (b) the court had the judicial duty and function to decide encl 73 under O 18 r 19(1) of the ROC; and (c) there was still a possibility that the present action might be reinstated as the plaintiff's appeal was still pending in the Court of Appeal. On totality, the court was not bound by the striking out decision (see paras 16–18 & 20).

(2) The plaintiff's contention that the third defendant had infringed its trademark by producing and selling, among others, the products of the first and second defendants was not pleaded in the SOC. The SOC had merely pleaded that the third defendant had supplied the infringing goods to the first and second defendants. Thus, the third defendant's supply of infringing goods could not constitute use of the 'PYRO' mark by the third defendant as a trademark in the course of the third defendant's trade. Based on the reasons above, the SOC did not disclose any reasonable cause of action under s 38(1) of the Act against the third defendant. Further, based on the affidavit adduced, the court found that the present action was frivolous and/or vexatious and was an abuse of court process against the third defendant (see paras 26–29 & 33).

[Bahasa Malaysia summary

Plaintif telah memulakan tindakan terhadap defendan-defendan kerana pelanggaran tanda niaga menurut s 38 Akta Cap Dagangan 1976 ('Akta'). Dalam keputusan terdahulu, Mahkamah Tinggi telah membatalkan kes terhadap defendan-defendan keempat dan kelima ('keputusan pembatalan'). Dalam kes ini, defendan ketiga telah memohon melalui lampiran 73 untuk mahkamah membatalkan tindakan ini terhadap mereka menurut A 18 k 19(1)(a), (b) dan (d) Kaedah-Kaedah Mahkamah 2012 ('KKM') dan bidang kuasa sedia ada mahkamah. Ia perlu ditekankan bahawa mahkamah telah memberikan perintah Anton Piller kepada plaintif terhadap defendan ketiga walau apa pun pelaksanaan yang sama tidak menzahirkan apa-apa barangan yang mempunyai tanda dagang plaintif di pejabat dan gudang defendan ketiga.

Bagi menyokong permohonannya untuk lampiran 73, defendan ketiga berhujah bahawa menurut doktrin res judicata (isu estopel), mahkamah terikat dengan keputusan pembatalan. Selanjutnya, penyataan tuntutan ('PT') menzahirkan tiada kausa tindakan yang munasabah terhadap defendan ketiga. Dalam membantah lampiran 73, plaintif berhujah bahawa defendan ketiga telah melanggar tanda niaga plaintif dengan menghasil dan menjual, antara lain, produk-produk defendan-defendan pertama dan kedua. Ia juga dihujahkan bahawa kes plaintif yang diplikan adalah dalam skop s 38 Akta tersebut kerana defendan ketiga telah menggunakan tanda niaga 'PYRO' plaintif sebagai tanda niaga sepanjang perniagaan defendan ketiga dengan membekal barangan larangan itu kepada defendan-defendan pertama dan kedua. Selanjutnya, ia dihujahkan bahawa doktrin res judicata tidak terpakai kepada lampiran 73 kerana rayuan plaintif terhadap keputusan pembatalan masih belum selesai di Mahkamah Rayuan.

Diputuskan, membatalkan tindakan terhadap defendan ketiga dengan kos:

(1) Prinsip 'issue estoppel' tidak terpakai terhadap plaintif berkaitan lampiran 73 kerana tiada keterangan bahawa defendan ketiga adalah 'privy' defendan-defendan keempat dan kelima. Selanjutnya, doktrin res judicata dalah berdasarkan undang-undang perundangan dan tidak patut terpakai secara diskriminasi sehingga menyebabkan ketidakadilan. Dalam keadaan itu, ia tidak adil untuk mengguna pakai isu estopel bagi menghalang plaintif daripada membantah lampiran 73 kerana sebab-sebab bahawa: (a) setiap litigant mempunyai hak perlembagaan untuk mendapat akses kepada keadilan di bawah perkara 5(1) Perlembagaan Persekutuan; (b) mahkamah mempunyai kewajipan dan fungsi kehakiman untuk memutuskan lampiran 73 di bawah A 18 k 19(1) KKM; dan (c) masih terdapat kebarangkalian bahawa tindakan ini boleh dimasukkan kembali kerana rayuan plaintif masih belum selsesai di Mahkamah Rayuan. Secara keseluruhan, mahkamah tidak terikat dengan keputusan pembatalan itu (lihat perenggan 16–18 & 20).

(2) Hujah plaintif bahawa defendan ketiga telah melanggar tanda niaganya dengan menghasil dan menjual, antara lain, produk-produk defendan-defendan pertama dan kedua tidak dipli dalam PT. PT itu hanya mempli bahawa defendan ketiga telah membekalkan barangan larangan itu kepada defendan-defendan pertama dan kedua. Oleh itu, bekalan barangan larangan defendan ketiga tidak merupakan penggunaan tanda 'PYRO' oleh defendan ketiga sebagai tanda niaga sepanjang perniagaan defendan ketiga. Berdasarkan sebab-sebab di atas, PT itu tidak menzahirkan apa-apa kausa tindakan munasabah di bawah s 38(1) Akta tersebut terhadap defendan ketiga. Selanjutnya, berdasarkan afidavit yang dikemukakan, mahkamah mendapati bahawa tindakan ini adalah remeh dan/atau menyusahkan dan adalah satu penyalahgunaan

proses mahkamah terhadap defendan ketiga (lihat perenggan 26–29 & 33).]

Notes

For cases on action for infringement, see 7(2) *Mallal's Digest* (5th Ed, 2015) paras 2827–2835.

For cases on application for striking out, see 2(5) *Mallal's Digest* (5th Ed, 2015) paras 8782–8808.

Cases referred to

Acushnet Company v Metro Golf Manufacturing Sdn Bhd [2006] MLJU 412; [2006] 7 CLJ 557, HC (refd)

Amstrad Consumer Electronics plc v British Phonographic Industry Ltd [1986] FSR 159, CA (refd)

Asia Commercial Finance (M) Bhd v Kawal Teliti Sdn Bhd [1995] 3 MLJ 189, SC (refd)

Bandar Builder Sdn Bhd & Ors v United Malayan Banking Corporation Bhd [1993] 3 MLJ 36, SC (refd)

Belegging-en Exploitatiemaatschappij Lavender BV v Witten Industrial Diamonds Ltd [1979] FSR 59, CA (refd)

Cadbury Ltd v Ulmer GmbH [1988] FSR 385, Ch D (refd)

Chee Pok Choy & Ors v Scotch Leasing Sdn Bhd [2001] 4 MLJ 346, CA (folld)

Dato' Sivananthan a/l Shanmugam v Artisan Fokus Sdn Bhd [2016] 3 MLJ 122; [2015] 2 CLJ 1062, CA (distd)

Dr Aishah Tul Radziah bt L Hussin v Dr Suresh a/l Kumarasamy & Ors [2014] 11 MLJ 702, HC (distd)

Dunlop Pneumatic Tyre Company, Limited v David Moseley & Sons, Limited [1904] 1 Ch 612, CA (refd)

Francis Joseph Puthucheary v Eng Securities Sdn Bhd [2015] 4 CLJ 433, CA (refd)

Gleeson v J Wippell & Co Ltd [1977] 1 WLR 510, Ch D (refd)

Hartecon JV Sdn Bhd & Anor v Hartela Contractors Ltd [1996] 2 MLJ 57; [1997] 2 CLJ 104, CA (distd)

Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703; [2012] 10 CLJ 507, HC (refd)

Muniandy s/o Subrayan & Ors v Chairman & Board Members of Koperasi Menara Maju Bhd [1997] 1 MLJ 557, CA (refd)

Perusahaan Otomobil Nasional Sdn Bhd v Bidara Prisma Sdn Bhd & Ors; Kerajaan Malaysia & Ors (third parties) [2011] MLJU 1205; [2012] 5 CLJ 428, HC (refd)

Philip Morris Products SA v Ong Kien Hoe & Ors [2009] 4 MLJ 727; [2010] 2 CLJ 106, HC (refd)

See Thong & Anor v Saw Beng Chong [2013] 3 MLJ 235, CA (refd)

Sivarasa Rasiah v Badan Peguam Malaysia & Anor [2010] 2 MLJ 333; [2010] 3 CLJ 507, FC (refd)
Tuan Haji Ishak bin Ismail & Ors v Leong Hup Holdings Bhd and other appeals [1996] 1 MLJ 661, CA (refd)
Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor [2014] 5 AMR 57, HC (refd)
Yeng Hing Enterprise Sdn Bhd v Liow Su Fah [1979] 2 MLJ 240, FC (refd)

Legislation referred to

Federal Constitution art 5(1)
Rules of Court 2012 O 18 rr 19(1), (1)(a), (1)(b), (1)(d), (2), O 92 r 4
Trade Marks Act 1938 [UK] s 4, 4(1)(a)
Trade Marks Act 1976 ss 3(1), 3(2)(b), 38(1), (1)(a), (1)(b), (1)(c)

YH Loke (Jean Lew Geok Chin with him) (Kit & Assoc) for the plaintiff.
HK Niak (John Rolan Fernandez with him) (Christopher & Lee Ong) for the third defendant.

Wong Kian Kheong JC:

INTRODUCTION

[1] This case concerns the following two issues:

(a) where the plaintiff company ('the plaintiff') has merely pleaded in the statement of claim ('SOC') that the third defendant company ('the third defendant') has supplied goods which have infringed the plaintiff's registered trade mark ('the plaintiff's trademark'), has the plaintiff a reasonable cause of action against the third defendant to commence this suit ('this action') for an infringement of the plaintiff's trademark under s 38(1) of the Trade Marks Act 1976 ('the TMA')? and

(b) in deciding this application by the third defendant to strike out this action ('court encl No 73'), whether this court is bound by an earlier decision of the High Court which has struck out this action against the fourth and fifth defendant companies ('the fourth and fifth defendants').

SOC

[2] I reproduce below all the allegations pleaded in the SOC against the third to fifth defendants:

> 7. Pada setiap masa yang berkenaan, Plaintiff adalah pemilik berdaftar cap dagangan PYRO' di bawah No. Daftar Cap Dagangan: 04018316. Cap dagangan 'PYRO' telah didaftarkan bagi barangan kunci, barangan besi untuk pintu dan tingkap, manga, tombol pintu, peti besi dan termasuk lain-lain di bawah kelas 6.

12. Pada setiap masa yang berkenaan, Defendan Ke-3 menjalankan perniagaan menjual barangan perkakasan logam, pvc dan barangan untuk industri perabot ('hardware').

...

13. *Pada setiap masa yang berkenaan, Defendan Ke-3 membekalkan barangan tiruan yang sama jenis dengan barangan Plaintif dan telah menggunakan cap dagangan 'PYRO' kepada Defendan Pertama dan Ke-2 walaupun mempunyai pengetahuan bahawa cap dagangan 'PYRO' dimiliki oleh Plaintif.*

Perlanggaran Cap Dagangan 'PYRO' oleh Defendan-defendan

18. Pada atau lebih kurang bulan April 2015, Plaintif semasa melawat gudang Defendan Pertama dan Ke-2 telah mendapati bahawa Defendan Pertama dan Ke-2 telah membeli dan/atau mendapat bekalan barangan yang sama jenis dengan Plaintif malah barangan tersebut menggunakan cap dagangan 'PYRO' Plaintif selain daripada Plaintif. Stok-stok barangan tiruan ini telah disimpan di dalam gudang Defendan Pertama dan Ke-2 bersama-sama barangan Plaintif.

19. Pada 3.6.2015, wakil Plaintif telah melalui surat mengadu kepada Kementerian Perdagangan Dalam Negeri, Koperasi dan Kepenggunaan di Putrajaya ('KPDNKK').

20. Pada 4.6.2015 jam lebih kurang 12.30 tengahari, pegawai-pegawai KPDNKK telah melaksanakan suatu pemeriksaan mengejut di gudang Defendan Pertama dan Ke-2 bersama wakil-wakil Plaintif. Pegawai-pegawai KPDNKK bersama wakil-wakil Plaintif telah mendapati gudang Defendan Pertama dan Ke-2 telah menyimpan barangan tiruan 'PYRO' dalam suatu kuantiti yang besar.

21. Pegawai-pegawai KPDNKK bersama wakil-wakil Plaintif telah mengesahkan bahawa barangan yang dijumpai di gudang Defendan Pertama dan Ke-2 adalah barangan tiruan 'PYRO' dan barangan tiruan ini berjumlah lebih kurang RM2.2 juta.

22. Barangan tiruan ini yang dijumpai dan dikenalpasti ini telah disita oleh KPDNKK yang mana sekarang berada dalam jagaan dan kawalan KPDNKK. Barangan tiruan 'PYRO' yang disita adalah seperti di bawah:

...

23. Pegawai-pegawai KPDNKK juga telah menyita dokumen-dokumen berkenaan barangan tiruan ini seperti purchase order dan delivery order.

24. *Berdasarkan purchase order dan delivery order yang diperolehi pada masa pemeriksaan dan penyitaan, Plaintif mendapati bahawa Defendan Pertama dan Ke-2 memperoleh bekalan barangan tiruan ini daripada Defendan Ke-3, Ke-4 dan Ke-5.*

...

26. *Setakat rekod-rekod yang diberikan oleh Defendan Pertama dan Ke-2 pada 5.6.2015 yang mana rekod jualan oleh Defendan Pertama dan Ke-2 kepada pelanggan-pelanggan tidak dikemukakan, jumlah barangan yang dibekalkan oleh Defendan Ke-3, Ke-4 dan Ke-5 kepada Defendan Pertama dan Ke-2 hanya berjumlah RM4,881,620.28.*

Ringkasan Butir-butir Barangan Tiruan 'PYRO' yang dibekalkan oleh Defendan Ke-3, Ke-4 dan Ke-5 kepada Defendan Pertama dan Ke-2 adalah seperti yang dilampirkan di

Pernyataan Tuntutan ini sebagai 'Lampiran A'

27. *Defendan-defendan telah dengan niat melanggar cap dagangan 'PYRO' Plaintif dan merugikan Plaintif di mana butir-butir adalah seperti berikut:-*

(a) *Defendan Ke-3, Ke-4 dan Ke-5 telah pada setiap masa yang berkenaan dengan berniat melanggar cap dagangan 'PYRO' Plaintif dan merugikan Plaintif membekalkan barangan yang sama jenis dengan Plaintif yang menggunakan jenama 'PYRO' Plaintif kepada Defendan Pertama dan Ke-2 walaupun Defendan Ke-3, Ke-4 dan Ke-5 mempunyai pengetahuan bahawa pada setiap masa yang berkenaan mereka bukanlah pemilik berdaftar cap dagangan 'PYRO'; dan*

(b) *Defendan Pertama dan Ke-2 telah pada setiap masa yang berkenaan dengan berniat melanggar cap dagangan 'PYRO' Plaintif dan merugikan Plaintif membeli stok-stok tiruan 'PYRO' Defendan Ke-3, Ke-4 dan Ke-5 dan menjualnya kepada pelanggan-pelanggan Defendan Pertama dan Ke-2 walaupun mempunyai pengetahuan bahawa Defendan-defendan pada setiap masa yang berkenaan bukan pemilik berdaftar cap dagangan 'PYRO'.*

28. *Berdasarkan perkara-perkara yang diplidkan oleh Plaintif telah mengalami kerugian dan kerosakan daripada perlanggaran cap dagangan 'PYRO' oleh Defendan-defendan ...* (Emphasis added.)

BACKGROUND

[3] On 17 August 2015, this court granted an Anton Piller order to the plaintiff against, among others, the third defendant ('Anton Piller order').

[4] The Anton Piller order had been executed on, among others:

(a) the third defendant's office at Lot PT 355, Jalan TPP 5/1, Taman Perindustrian Puchong, Section 5, 47100 Puchong, Selangor ('third defendant's office'); and

(b) third defendant's warehouse at 24, Jalan TPP 5/6, Taman Perindustrian Puchong, Section 5, 47100 Puchong, Selangor ('third defendant's warehouse')

— on 26 August 2015, 3 September 2015 and 14 September 2015 ('execution of Anton Piller order against third defendant') in the presence of, among others:

(i) Mr Kenneth Chong Kheng Aik and Ms Victoria Lim Hui Cheng ('Ms Victoria Lim'), practising Advocates and Solicitors from Messrs Shen, Eow & Partners ('supervising solicitors'); and

(ii) plaintiff's representatives, including the plaintiff's information technology ('IT') expert, Mr Alan Loke Hon Lam ('Mr Alan Loke').

[5] Mr Alan Loke was given access to the third defendant's 'server room' in the third defendant's office and Mr Alan Loke did a backup of data from the third defendant's server — please see supervising solicitors' report in exh VLHC1 in Ms Victoria Lim's affidavit affirmed on 25 September 2015.

[6] The execution of Anton Piller order against third defendant did not reveal any goods bearing the plaintiff's trademark ('infringing goods') in the third defendant's office and warehouse.

[7] The fourth and fifth defendants filed applications in court enclosure Nos 29 and 31 respectively to strike out this action ('court encls Nos 29 and 31'). On 24 November 2015, Azizah bt Hj Nawawi J allowed court encls Nos 29 and 31 ('striking out decision').

[8] The plaintiff has appealed to the Court of Appeal against the striking out decision ('the plaintiff's appeal'). The plaintiff's appeal is still pending.

COURT ENCL NO 73

[9] Court encl No 73 applied to strike out this action pursuant to:

(a) O 18 rr 19(1)(a), (b) and (d) of the Rules of Court 2012 ('the RC'); and/or

(b) inherent jurisdiction of the court.

Parties' submission

[10] Mr HK Niak, the third defendant's learned counsel ('Mr Niak'), contended as follows in support of court encl No 73:

(a) according to the res judicata doctrine, this court is bound by the striking out decision and on this ground alone, court encl No 73 should be allowed. According to Mr Niak, the grounds in support of court encl No 73, were the same grounds decided in respect of the striking out decision. For this contention, Mr Niak cited the following authorities:

(i) Gopal Sri Ram JCA's (as he then was) judgment in the court of Appeal case of *Hartecon JV Sdn Bhd & Anor v Hartela Contractors Ltd* [1996] 2 MLJ 57; [1997] 2 CLJ 104;

(ii) the judgment of Idrus Harun JCA in the Court of Appeal in *Dato' Sivananthan a/l Shanmugam v Artisan Fokus Sdn Bhd* [2016] 3 MLJ 122; [2015] 2 CLJ 1062; and

(iii) S Nantha Balan JC's (as he then was) judgment in the High Court case of *Dr Aishah Tul Radziah bt L Hussin v Dr Suresh a/l Kumarasamy &*

Ors [2014] 11 MLJ 702; and

(b) the SOC disclosed no reasonable cause of action against the third defendant. Reliance was placed on, among others the following:

(i) s 38(1) of the TMA;

(ii) the judgment of Falconer J (as he then was) in the English High Court case of *Cadbury Ltd v Ulmer GmbH* [1988] FSR 385;

(iii) Buckley LJ's judgment in the English Court of Appeal in *Belegging-en Exploitatiemaatschappij Lavender BV v Witten Industrial Diamonds Ltd* [1979] FSR 59 ('Belegging-en');

(iv) the English Court of Appeal case of *Dunlop Pneumatic Tyre Company, Limited v David Moseley & Sons, Limited* [1904] 1 Ch 612; and

(v) the English Court of Appeal's decision in *Amstrad Consumer Electronics plc v British Phonographic Industry Ltd* [1986] FSR 159.

[11] The plaintiff's learned counsel, Mr YH Loke ('Mr Loke'), advanced the following submission to oppose court encl No 73:

(a) it was the plaintiff's pleaded case that the third defendant had infringed the plaintiff's trademark by producing and selling, among others, the products of the first and defendant companies (first and second defendants);

(b) the plaintiff's pleaded case against the third defendant fell within s 38 of the TMA because the third defendant had used the plaintiff's trademark as a trade mark in the course of the third defendant's trade by supplying the infringing goods to the first and second defendants. Mr Loke relied on the following:

(i) the view expressed by Mr Teo Bong Kwang in his book, *Trade Mark Law and Practice in Malaysia* at p 254; and

(ii) Hanipah Farikullah JC's (as she then was) decision in the High Court case of *Perusahaan Otomobil Nasional Sdn Bhd v Bidara Prisma Sdn Bhd & Ors; Kerajaan Malaysia & Ors (third parties)* [2011] MLJU 1205; [2012] 5 CLJ 428 ('PROTON'S case');

(c) the res judicata doctrine does not apply to court encl No 73 in view of the fact that the plaintiff's appeal is still pending in the Court of Appeal;

(d) the third defendant could not rely on the defence that the third defendant was innocent and had no knowledge of the plaintiff's trademark in this action. Nor could the third defendant rely on the defence that the third defendant was a bona fide supplier of the infringing goods. In support of these two contentions, Mr Loke had cited Mary Lim JC's (as she then was) judgment in the High Court case

of *Philip Morris Products SA v Ong Kien Hoe & Ors* [2009] 4 MLJ 727; [2010] 2 CLJ 106 ('Ong Kien Hoe'); and

(e) the third defendant had the obligation to verify the ownership of the trade mark 'PYRO' in the goods supplied by the third defendant to any party. Reliance had been placed on the *PROTON* case and Ramly Ali J's (as he then was) judgment in the High Court case of *Acushnet Company v Metro Golf Manufacturing Sdn Bhd* [2006] MLJU 412 ; [2006] 7 CLJ 557.

WHETHER THIS COURT IS BOUND BY STRIKING OUT DECISION

[12] In the Supreme Court case of *Asia Commercial Finance (M) Bhd v Kawal Teliti Sdn Bhd* [1995] 3 MLJ 189 at pp 197–198 and 199–200 (*Asia Commercial Finance (M) Bhd*), Peh Swee Chin FCJ explained that the doctrine of res judicata consisted of two limbs, namely cause of action estoppel and issue estoppel.

[13] Mr Niak's contention is based on the application of the second limb of the res judicata doctrine, namely the issue estoppel principle. *Asia Commercial Finance (M) Bhd* has decided that the issue estoppel principle has a wide application which *may* bar any:

(a) party; and

(b) party's 'privy'

— from raising any issue in any second and subsequent proceedings which:

(i) has been raised; or

(ii) can be raised

— in the first proceedings between the parties and/or their privies.

[14] According to the issue estoppel principle, if there is a decision in the first litigation between parties 'A' and 'B', the issue estoppel principle *may* bar:

(a) A;

(b) B; and

(c) all the privies of A and B

— from raising any issue which

(i) has been raised; or

(ii) can be raised

— in the first litigation from being raised in the second and subsequent litigation.

[15] In *Gleeson v J Wippell & Co Ltd* [1977] 1 WLR 510 at p 514, Megarry VC decided in the English High Court that a party 'C' may be a privy of A or B by way of:

(a) blood relationship with A or B;

(b) title assumed by C from A or B; or

(c) interest between:

(i) C; and

(ii) A or B.

[16] In this case, the issue estoppel principle *may* only bar the plaintiff from resisting court encl No 73 if the third defendant is a 'privy' of the fourth and fifth defendants. There is however no such evidence that the third defendant is a 'privy' of the fourth or fifth defendants within the three meanings of 'privy' as explained in *Gleeson*. This is the first reason to reject the application of the issue estoppel principle against the plaintiff in respect of court encl No 73.

[17] There is a second reason for not applying the issue estoppel principle against the plaintiff in respect of court encl No 73. The doctrine of res judicata with its two limbs (cause of action estoppel and issue estoppel), is not a mandatory statutory provision intended by Parliament to be applicable in all circumstances. Res judicata doctrine is based on case law and should not be applied indiscriminately so as to cause injustice. I rely on the following two Court of Appeal cases:

(a) Gopal Sri Ram JCA's (as he then was) judgment in *Chee Pok Choy & Ors v Scotch Leasing Sdn Bhd* [2001] 4 MLJ 346 at pp 356, 357 and 358; and

(b) the decision of Idrus Harun JCA in *Francis Joseph Puthucheary v Eng Securities Sdn Bhd* [2015] 4 CLJ 433 at paras 28 and 29.

This is why I have stated in the above paras 13, 14 and 16 that the issue estoppel principle *may* be applicable provided that the application of such a principle does not cause an injustice.

[18] I am of the view that it is unjust to apply the issue estoppel principle to bar the plaintiff from opposing court encl No 73. This decision is based on the following reasons:

(a) every litigant has a constitutional right of access to justice under art 5(1) of our Federal Constitution — please see the Federal Court's judgment delivered by Gopal Sri Ram FCJ in *Sivarasa Rasiah v Badan Peguam*

Malaysia & Anor [2010] 2 MLJ 333 at pp 339–340; [2010] 3 CLJ 507 at pp 514–515. If this court has applied the issue estoppel principle to estop the plaintiff from opposing court encl No 73, this action will be struck out without considering court encl No 73 on its merits;

(b) this court has the judicial duty and function to decide court encl No 73 under O 18 r 19(1) of the RC. If court encl No 73 is allowed solely based on the application of the issue estoppel principle, this may be tantamount to an abdication of this court's judicial duty and function to decide court encl No 73 — please see *Universal Trustee (M) Bhd v Lambang Pertama Sdn Bhd & Anor* [2014] 5 AMR 57, at sub-para 23(c); and

(c) the plaintiff's appeal is still pending in the Court of Appeal. There is a possibility that the Court of Appeal may reinstate this action against the fourth and fifth defendants.

[19] The three cases relied on by Mr Niak, namely *Hartecon JV Sdn Bhd, Dato' Sivananthan a/l Shanmugam* and *Dr Aishah Tul Radziah (3 Cases*), can be easily distinguished from court encl No 73 as follows:

(a) *Hartecon JV Sdn Bhd* and *Dato' Sivananthan a/l Shanmugam* did not concern drastic applications to strike out suits which could deprive the relevant plaintiffs from having access to justice;

(b) in *Dr Aishah Tul Radziah*, the plaintiff doctor was found solely liable for medical negligence of the plaintiff's patient ('plaintiff's liability') in the sessions court ('first suit'). This decision had been affirmed by the High Court and the plaintiff did not appeal to the Court of Appeal. The plaintiff subsequently commenced a fresh suit against three other doctors and the hospital for indemnity or contribution in respect of the plaintiff's liability ('second suit'). The High Court struck out the second suit on the ground that the plaintiff should have joined the defendants (in the second suit) as third parties or co-defendants in the first suit, for indemnity or contribution. It is to be noted that the decision in the first suit in *Dr Aishah Tul Radziah* was final whereas in this case, the plaintiff's appeal is still pending; and

(c) it was not unjust to have applied the issue estoppel principle in the three cases.

[20] Based on the above reasons, I am of the respectful view that in deciding court encl No 73, I am not bound by the striking out decision. Having said that, I consider the grounds of the striking out decision to be persuasive in determining court encl No 73 (which will be elaborated later in this judgment).

ELEMENTS OF TRADE MARK INFRINGEMENT UNDER S 38(1) OF THE TMA

[21] Section 38(1) of the TMA provides as follows:

> *38 Infringement of a trade mark*
>
> (1) *A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —*
>
> (a) *as being use as a trade mark;*
>
> (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or
>
> (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade. (Emphasis added.)

[22] Section 3(1) of the TMA has defined a 'trade mark' as follows:

> *'trade mark' means*, except in relation to Part XI, *a mark used or proposed to be used in relation to goods* or services *for the purpose of indicating or so as to indicate a connection in the course of trade between the goods* or services *and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person*, and means, in relation to Part XI, a mark registrable or registered under the said Part XI; (Emphasis added.)

[23] According to s 3(2)(b) of the TMA, references to the use of a mark in relation to goods 'shall' be construed as references to the use of the mark:

(a) upon the goods;

(b) in physical relation to the goods; or

(c) in other relation to the goods

(three meanings of s 3(2)(b) of the TMA).

[24] In *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik*

Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703 at pp 728–729; [2012] 10 CLJ 507 at pp 525–526, Low Hop Bing J (as he then was) held in the High Court as follows:

> *The law regulating the infringement of a trade mark is enacted in* s 38(1) *which reads:*
>
> ...
>
> *In order to succeed in this cause of action, it is incumbent upon the plaintiff to prove that:*
>
> (a) *the defendant is neither the registered proprietor nor the registered user of the trade mark;*
>
> (b) *the defendant used a mark identical with or so nearly resembling the plaintiff's registered trade mark as is likely to deceive or cause confusion;*
>
> (c) *the defendant was using the offending mark in the course of trade;*
>
> (d) the defendant was using the offending mark in relation to goods or service within the scope of the registration; and
>
> (e) *the defendant used the offending mark in such a manner as to render the use likely to be taken either as being used as a trade mark or as importing a reference to theregistered proprietor or the registered user or to their goods or services.*
>
> See (*See Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188 at pp 191–192; [1989] 1 CLJ 919; [1989] 1 CLJ Rep 537 at pp 540 and 541 per Zakaria Yatim J (later FCJ) and applied by the same judge in *A Clouet & Co Pte Ltd v Maya Toba Sdn Bhd* [1996] 1 BLJ 239). (Emphasis added.)

TWO-STAGE INQUIRY

[25] To decide court encl No 73 under O 18 r 19(1)(a) of the RC, the court cannot consider affidavit evidence under O 18 r 19(2) of the RC — please see the Court of Appeal's judgment delivered by Ramly Ali JCA (as he then was) in *See Thong & Anor v Saw Beng Chong* [2013] 3 MLJ 235 at p 241. As court encl No 73 is also based on O 18 r 19(1)(b), (d) of the RC and/or the court's inherent jurisdiction, this court can consider affidavits filed by the plaintiff and the third defendant in deciding court encl No 73 under O 18 r 19(1)(b), (d) of the RC and/or the court's inherent jurisdiction. In the circumstances, I will adopt the following approach in deciding court encl No 73:

(a) the first inquiry is to peruse the SOC without considering any affidavit filed by the plaintiff and the third defendant (according to O 18 r 19(2) of the RC) to decide whether the SOC discloses any reasonable cause of action against the third defendant within the meaning of O 18 r 19(1)(a) of the RC ('first inquiry'). In the first inquiry, I will assume that the contents of the SOC are true — please see the Court of Appeal's judgment given by Mahadev Shankar JCA in *Tuan Haji Ishak bin Ismail & Ors v Leong Hup Holdings Bhd and other appeals* [1996] 1 MLJ 661 at p 679;

(b) if the SOC discloses no reasonable cause of action against the third defendant, the first inquiry is resolved in favour of the third defendant and this suit should be struck out on this ground alone under O 18 r 19(1)(a) of the RC;

(c) if the SOC discloses a reasonable cause of action against the third defendant, the first inquiry is concluded in the plaintiff's favour and this court will then consider all the affidavits filed by the plaintiff and the third defendant in court encl No 6 to decide whether this action:

(i) is scandalous, frivolous and/or vexatious as understood in O 18 r 19(1)(b); and/or

(ii) constitutes an abuse of court process under O 18 r 19(1)(d) and O 92 r 4 of the RC and/or under the court's inherent jurisdiction ('second inquiry'); and

(d) if the second inquiry is answered in favour of the plaintiff, court encl No 73 should be dismissed with costs. If however the second inquiry is resolved in the third defendant's favour, this action should be struck out on any one or more of the grounds stated in O 18 r 19(1)(b), (d) and O 92 r 4 of the RC and/or pursuant to the court's inherent jurisdiction.

FIRST INQUIRY

[26] The plaintiff's written submission had contended that the third defendant had infringed the plaintiff's trademark by producing and selling, among others, the products of the first and second defendants. Such an averment was however not pleaded in the SOC.

[27] Paras 13, 24, 26, 27(a), (b) and 28 SOC had merely pleaded that the third defendant had supplied (*membekalkan*) the infringing goods to the first and second defendants.

[28] On the assumption that paras 13, 24, 26, 27(a), (b) and 28 SOC are true that the third defendant has supplied the infringing goods to the first and second defendants, I am of the view that the third defendant's supply of infringing goods (with 'PYRO' mark) to the first and second defendants, does not constitute 'use' of the plaintiff's mark, 'PYRO', 'in the course of trade' 'in such a manner as to render the use of the [PYRO] mark likely to be taken' 'as being used as a trade mark' within the meaning of s 38(1)(a) of the TMA. This decision is based on the following reasons:

(a) the third defendant's supply of 'PYRO' goods to the first and second defendants, did not constitute 'use' of the 'PYRO' mark by the third defendant within the three meanings of s 3(2)(b) of the TMA, namely there was no use of the 'PYRO' mark by the third defendant:

(i) upon the infringing goods;

(ii) in physical relation to the infringing goods; or

(iii) in other relation to the infringing goods;

(b) the third defendant's supply of 'PYRO' goods to the first and second defendants is not 'use' of the plaintiff's mark, 'PYRO', in the course of the third defendant's trade 'in such a manner as to render the use of the [PYRO] mark likely to be taken' 'as being used as a trade mark'. A 'trade mark' is defined in s 3(1) of the TMA as, among others, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and the registered proprietor or registered user of the mark. The third defendant's supply of 'PYRO' goods to the first and second defendants, in my opinion, could not constitute use the 'PYRO' mark by the third defendant as a trade mark in the course of the third defendant's trade. This is because the third defendant's supply of 'PYRO' goods to the first and second defendants, would not indicate in any manner a connection in the course of trade between the infringing goods and the plaintiff;

(c) in *Cadbury Ltd* at pp 394–395, the plaintiff company had sued the defendant company for, among others, 'procuring, inciting or enabling others' to infringe the plaintiff company's registered trade marks in respect of chocolate flake bars.

The defendant company had applied to strike out the plaintiff company's suit on, among others, the ground that the plaintiff company's suit did not disclose any reasonable cause of action against the defendant company. The English High Court struck out the plaintiff company's suit by relying on the following three decisions of the English Court of Appeal:

(i) Buckley LJ's judgment in *Belegging-en* (which decided that a sale of a metal coated diamond grit, was not in itself a patent infringement);

(ii) *Dunlop Pneumatic Tyre Co Ltd* (which held that the sale of a component part of a combination, the subject of a patent, when the vendor knew that the purchaser intended to use the article in breach of a patent, did not constitute an infringement of the patent); and

(iii) *Amstrad Consumer Electronics plc* (which decided that a manufacturer/vendor of audio systems which allowed recording of copyrighted works, did not infringe copyright of the copyrighted works even if the manufacturer/vendor knew and intended that when the audio systems were sold to the public, those audio systems

would be used by members of the public to infringe copyright of copyrighted works). A

Falconcer held in *Cadbury Ltd* at pp 396, 397 and 398, as follows:

> I should point out that the plaintiff must so claim, at least in respect of infringement of registered trade mark because, as I have already indicated, *there is no act of the defendant pleaded which could be an infringement of any of the plaintiff's registered trade marks, having regard to the provisions of* section 4 of the Trade Marks Act 1938, *which defines what constitutes infringement of a registered trade mark. Indeed I think it was conceded by Mr Silverleaf that no act falling within* section 4 of the Trade Marks Act *had been committed by the defendant.* B C
>
> ...
>
> Perhaps it is convenient if I deal with the earlier one, the *Belegging* case first, since it is referred to in the judgment in the later case. ... D
>
> ...
>
> *I only want to read one part of the judgment dealing with that part of the case. This is in the leading judgment of Buckley LJ, with whom Reginald Goff LJ and Eveleigh LJ agreed so that it was, in effect, the judgment of the court*. Having dealt with the pleading matter at p 64, His Lordship said this: E
>
> > ... In the former of these two cases Mellish LJ stated the principle tersely and forcefully as follows: 'Selling materials for the purpose of infringing a patent to the man who is going to infringe it, even although the party who sells it knows that he is going to infringe it and indemnifies him, does not by itself make the person who so sells an infringer. He must be a party with the man who so infringes and actually infringe. F
> >
> > ...
>
> — that is the *Dunlop* case: G
>
> ...
>
> So that case is quite clear authority for the proposition that facilitating an infringement is not procuring an infringement. (Emphasis added.)

Cadbury Ltd concerned the then s 4 of the Trade Marks Act 1938 of the United Kingdom ('the TMA 1938 (UK)'). TMA 1938 (UK) is now replaced by the Trade Marks Act 1994 (United Kingdom). Section 4(1)(a) of the TMA 1938 (UK) is similar to our s 38(1)(a) of the TMA. As such, I am of the view that *Cadbury Ltd* may be resorted to in the construction of our s 38(1)(a) of the TMA. Indeed, Azizah bt Hj Nawawi J has, among others, relied on *Cadbury Ltd* in reaching the striking out decision; and H I

if I have accepted the plaintiff's contention in this case, this will have the unlawful effect of enlarging the scope of trade mark infringement in

s 38(1)(a)–(c) of the TMA to include the following acts:

(i) the act of supplying or delivering goods and services which have an 'infringing trade markand

(ii) the act of procuring, inciting or enabling any party to commit trade mark infringement.

Any attempt to widen or narrow the scope of trade mark infringement under s 38(1)(a)–(c) TMA, can only be done by Parliament.

[29] In view of the above reasons, the first inquiry is resolved in the third defendant's favour — the SOC does not disclose any reasonable cause of action under s 38(1) of the TMA against the third defendant.

SECOND INQUIRY

[30] This court may consider affidavits filed by both the plaintiff and the third defendant in deciding court encl No 73 pursuant to O 18 r 19(1)(b), (d) and O 92 r 4 of the RC as well as under the court's inherent jurisdiction.

[31] The execution of Anton Piller order against third defendant did not show any trade mark infringement of the plaintiff's trademark by the third defendant under s 38(1) of the TMA. It is to be noted that the plaintiff's IT expert, Mr Alan Loke, had been given access by way of the Anton Piller order to the third defendant's server and yet, there was no evidence of any infringement of the plaintiff's trademark by the third defendant under s 38(1) of the TMA. In fact, the execution of Anton Piller order against third defendant did not show the presence of any infringing goods in the third defendant's office and warehouse.

[32] The Federal Court in a judgment given by Abdoolcader J (as he then was) in *Yeng Hing Enterprise Sdn Bhd v Liow Su Fah* [1979] 2 MLJ 240 at p 244, has held that when a plaintiff has no cause of action against a defendant, the plaintiff's action is therefore vexatious, frivolous and an abuse of court process.

[33] Based on the affidavits adduced in respect of court encl No 73, I have no hesitation to answer the second inquiry in favour of the third defendant. Accordingly, this court decides that this action:

(a) is frivolous and/or vexatious against the third defendant under O 18 r 19(1)(b) of the RC; and/or

(b) constitutes an abuse of court process against the third defendant under O 18 r 19(1)(d) and O 92 r 4 of the RC as well as under the court's inherent jurisdiction.

[34] I do not find this action to be scandalous against the third defendant under O 18 r 19(1)(b) of the RC.

CASES CITED BY PLAINTIFF

[35] In *PROTON*'s case:

(a) there was clear evidence of infringement of the plaintiff company's trade mark under s 38(1)(a) of the TMA when the first defendant company distributed counterfeit PROTON car spare parts to the Royal Malaysian Police in the course of the first defendant company's trade. On this ground alone, *PROTON*'s case can be easily distinguished from this case; and

(b) the fourth defendant was the first defendant company's general manager. The High Court dismissed the suit against the fourth defendant for trade mark infringement and passing off because there was no evidence to show that the fourth defendant was the 'heart and soul' of the first defendant company.

[36] In *Ong Kien Hoe*, the High Court found the second defendant liable for trade mark infringement, passing off, conspiracy to injure the plaintiff company's registered trade mark for cigarettes and unlawful interference with the conduct of the plaintiff company's trade. The High Court decided as follows in *Ong Kien Hoe* at pp 732–733 and 738–739 (MLJ); pp 111–112 and 118–119 (CLJ):

> *According to the declaration forms completed by the 2nd defendant and filed with the third defendant, the consignors of the two containers were the 1st defendant*, a sole proprietor and one Kean Huat Sdn Bhd, both businesses registered in Malaysia, while the consignees were Dordrecht Aalst of Guido Gezellelaan 64, 9100 Sint Niklaas, Belgium and Ernest BV BA, Van Dijckkai No 21, Bus 5, 2052, Antwerpen, Belgium. The contents of the two containers were declared as cigarettes and paper bags shipped by the 1st defendant and Kean Huat Sdn Bhd respectively. *A company and business search revealed that both consignees in Belgium were fictitious. A similar search conducted with the Companies Commission of Malaysia (CCM) disclosed that Kean Huat Sdn Bhd was not registered and was therefore a fictitious company.* That being the case, no claim was made against this company. Insofar as the first defendant is concerned a search revealed that while the company exists the address declared in the declaration forms was fictitious. The declaration forms, packing and shipping of the goods in the containers were arranged by the third defendant, whose business is that of multi-modelism (door-to-door freight forwarding service). When the containers were opened by the third defendant's officers, the counterfeit cigarettes were found and the counterfeit cigarettes seized by the third defendant.
>
> *Further, and this is significant — the plaintiff held itself out as the owner of the counterfeit cigarettes within the context of Act 235 [Customs Act 1967] when claiming for their return from the third defendant …*

> *... I find that the evidence presented reveal active participation of the second defendant. It would indeed be mischievous and dangerous to allow the second defendant to now retreat into his role play as a passive forwarding agent. In any event, the infringed goods were used in the course of trade of the second defendant and his lack of knowledge or intention of the infringement is irrelevant. Under the circumstances, there has been infringement of the plaintiff's trade mark by the second defendant*. (Emphasis added.)

Ong Kien Hoe can be explained on the ground that the second defendant had claimed ownership of the counterfeit cigarettes from the Royal Customs Department and could not be a mere forwarding agent. Furthermore, in *Ong Kien Hoe*, the second defendant had filled up two false customs declaration forms regarding the shipment of the counterfeit cigarettes.

[37] In *Acushnet Company*, the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs had raided, among others, the premises of the defendant company. In this raid, golf products bearing the plaintiff company's registered trade mark, had been seized. The High Court granted summary judgment against the defendant company for infringing the plaintiff company's registered trademark. *Acushnet Company* is different from this case because the defendant company was in the business of manufacturing and selling golf products (at p 566).

SHOULD THIS ACTION BE STRUCK OUT AGAINST THIRD DEFENDANT?

[38] Under O 18 r 19(1) of the RC, in the interest of justice, the court has a discretion to allow the plaintiff to amend the SOC as against the third defendant — please see Mahadev Shankar JCA's judgment in the Court of Appeal case of *Muniandy s/o Subrayan & Ors v Chairman & Board Members of Koperasi Menara Maju Bhd* [1997] 1 MLJ 557 at pp 560–561.

[39] Based on the above results of the first and second inquiries:

(a) even if all the contents of the SOC are presumed to be true as against the third defendant;

(b) it is plain and obvious, as explained by the Supreme Court's judgment delivered by Mohd Dzaiddin SCJ (as he then was) in *Bandar Builder Sdn Bhd & Ors v United Malayan Banking Corporation Bhd* [1993] 3 MLJ 36 at p 43, that the SOC, at its highest, is obviously unsustainable against the third defendant; and

(c) in view of the evidence obtained in the execution of Anton Piller order against third defendant, the SOC cannot be 'saved' by any amendment by the plaintiff as against the third defendant.

[40] The above decision to strike out this action against the third defendant is fortified by the reasons stated by Azizah Nawawi J in the striking out decision.

THE COURT'S DECISION

[41] Premised on the above reasons, this action against the third defendant is struck out with costs.

Action against third defendant struck out with costs.

Reported by Dzulqarnain Ab Fatar